



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

January 9, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**CONSENT TO DRILL THREE OIL AND GAS WELLS
AT PITCHESS DETENTION CENTER
(FIFTH DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the request from TEG Oil & Gas U.S.A., Inc. (TEG) to drill three oil and gas wells and modify existing oil and gas production facilities on land owned by the County of Los Angeles (County) located at Pitchess Detention Center (Pitchess).
2. Delegate authority to the Chief Administrative Officer (CAO) or his designee(s), to issue any and all approvals and execute any and all instruments necessary for TEG to drill oil and gas wells on County land within the boundaries of the Tapia Oil and Gas Field (Tapia Field), as designated by the California Division of Oil and Gas and Geothermal Resources.
3. Find that this project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 4 of Appendix G of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15304 of the State CEQA Guidelines.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Your Board's approval of the recommended actions will allow the CAO to execute documents granting consent for TEG to drill three oil and gas wells and modify existing oil and gas production facilities on County land at Pitchess, and delegate authority to the CAO to execute any other documents required for TEG to drill any future oil and gas wells on County land located within the Tapia Field.

Implementation of Strategic Plan Goals

The County's Strategic Plan directs that we provide the public with quality service that is beneficial and responsive (Goal 1). Your Board's consent for TEG to perform the requested operations is consistent with this goal.

FISCAL IMPACT/FINANCING

TEG has paid a one-time fee of one thousand dollars to process your Board's consent, and has agreed to pay for improvements to the fence bordering the County's land.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County acquired the Pitchess property in 1953 from the federal government in exchange for a County-owned parcel of land located in the Angeles National Forest. The applicable Government Codes (Title 16 U.S.C. § 485), require such exchanges to be nonmineral in character, and therefore the federal government retained ownership of the minerals and the right to enter and remove any oil and gas.

TEG currently maintains an oil and gas well pad and pump on the County's land pursuant to a subsurface oil and gas lease with surface rights from the federal government. Furthermore, TEG leases the minerals rights from the federal government. The TEG production facilities are located on Tapia Canyon Road north of Pitchess adjacent to the Sheriff Department's equestrian center situated outside the boundaries of the Pitchess maximum security jail facility.

TEG proposes to directionally drill three additional oil and gas wells from this existing pad, and complete the wells at distances established for the Tapia Field. The proposed oil and gas drilling project will have minimal visual impact to the surface of the County-owned land. TEG has provided proof of insurance and a ten thousand dollar performance bond.

The County's Department of Regional Planning has approved TEG's plot-plan review application, and the Sheriff's Department has reviewed TEG's request and has no objection. County Counsel will review the consent documents and approve them as to form prior to execution by the CAO.

ENVIRONMENTAL DOCUMENTATION

This oil and gas drilling project is categorically exempt from CEQA pursuant to Class 4 of Appendix G of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15304 of the State CEQA Guidelines (Minor Alterations to Land), as it involves drilling in an existing oil field.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended Board action will not have any significant impact or adverse effect on current services or future projects.

CONCLUSION

Instruct the Executive Officer, Board of Supervisors, to forward an adopted copy of this recommendation to the attention of: Mr. Harry P. Barnum, President, TEG Oil & Gas U.S.A., Inc., 21 South California Street, Suite No. 305, Ventura, CA 93001, and to forward adopted copies to the Office of the County Counsel, Sheriff's Department, Facilities Planning Bureau, and the Chief Administrative Office, Real Estate Division, Property Management Section, 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:WLD
CB:RB:eb

c: County Counsel
Sheriff's Department